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World Production and Trade

United States
Department of
Agriculture

Foreign
Agricultural
Service

Washington, D.C. 20250

Weekly
Roundup

WR 33-85

Aug. 14, 1985

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

GRAIN AND FEED

The JAPANESE Feed Trade Association (JFTA) reportedly will send a delegation to Thailand August 15, to discuss purchases of Thai corn. A spokesman for the JFTA said a trial shipment of 10,000 tons will take place in October if the price is competitive and quality guaranteed. Recent Thai corn sales to Korea have taken place at prices about \$6.50 per ton less than prices offered by U.S. exporters, but Japan has not imported corn from Thailand since 1981 because of a problem with aflatoxin contamination.

Due to a 13-percent drop in production, PORTUGAL's wheat import needs in 1985/86 (July-June) are forecast to increase to 620,000 tons. The United States has been Portugal's traditional supplier, but as part of its accession to the European Community (EC) on Jan. 1, 1986, Portugal has agreed to liberalize its cereal imports over the succeeding five years. This liberalization will mean larger imports from the EC and stronger competition for the United States in Portugal.

INDIA's Food Ministry has issued a statement denying a report that the USSR sent a trade delegation to New Delhi to purchase an additional 2.5 million tons of wheat. The Ministry stated that only one contract for 500,000 tons to be delivered in 1985 has been signed, and that it has no information on any additional sales. India is forecast to export 1.5 million tons of wheat in its marketing year 1985/86 (April-March).

DAIRY, LIVESTOCK AND POULTRY

The EUROPEAN COMMUNITY recently adopted export subsidies or restitutions for beef to the Far East, despite an agreement with Australia that the EC would refrain from using subsidies to penetrate this market. In that agreement, the EC promised not to subsidize beef sales to Australia's Asian markets, particularly Japan, Republic of Korea, Taiwan, Malaysia and Singapore.

The new regulation introduces export subsidies for certain East Asian destinations for the first time. These countries include Pakistan, Sri Lanka, Burma, Thailand, Vietnam, Indonesia, the Philippines, China, the Democratic People's Republic of Korea and Hong Kong. The subsidy for boneless beef to this region is equivalent to \$740 per ton.

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This move is an indication of how difficult the situation is becoming in the EC. Beef is moving into intervention stocks at record levels. It is projected by some experts in Europe that yearend stocks could reach 1 million tons.

While the extension of subsidies to the Far East should not have a direct impact on the United States, it could displace meat from Australia, which might cause U.S. imports of manufacturing-type beef to increase.

COTTON

BRAZIL's 1985/86 cotton area may be down as much as 20 percent from last year in the center-south because the government is emphasizing increased production of basic food products, such as rice, dry beans, corn and manioc, according to the U.S. agricultural counselor in Brasilia. This crop is planted in the fall. The government recently announced the production loan schedule (VBC) for agricultural crops in the center-south region. Although the funds have not yet been approved, cotton could be the most affected crop. The production loan schedule and minimum support prices, which are normally announced prior to planting, are the two major components of Brazilian agricultural policy to stimulate agricultural production.

U.S. monthly cotton exports declined seasonally in June to 375,000 bales, 17 percent below the May level. Major markets during the month were Republic of Korea, Japan, the Soviet Union and Taiwan. Exports for the first 11 months of the season totaled 5.9 million bales valued at \$2 billion.

TOBACCO

In the UNITED KINGDOM, cigarette imports for the first five months of 1985 were 5.5 billion pieces, compared with 8.09 billion for all of 1984 and more than double the 2.55 billion imported in January-May 1984. The majority of the upsurge in imports has been from West Germany. These imported cigarettes have a considerable price advantage over domestically produced cigarettes. Their retail price is about 1.07-1.10 pounds per pack of 20, compared with comparable U.K. brands for which the recommended retail price varies between 1.20 and 1.35 pounds.

FRUITS

The U.S. agricultural counselor in Bonn is forecasting a smaller cherry harvest this season for WEST GERMANY, a reflection of record low temperatures this past winter and non-remunerative producer prices for two consecutive years. The total 1985 crop is estimated at 274,960 tons, 7 percent below the 1984 volume of 295,378 tons. Production of sweet and tart cherries is as follows in tons:

	1984	1985 1/
Sweet	177,070	152,660
Tart	118,308	122,300
Total	295,378	274,960

1/ Preliminary.

Selected International Prices

Item	: Aug. 13, 1985	: Change from	: A year
	:	: previous week	: ago
ROTTERDAM PRICES 1/	\$ per MT	\$ per bu.	\$ per MT
Wheat:			\$ per MT
Canadian No. 1 CWRS-13.5%.	156.00	4.25	0
U.S. No. 2 DNS/NS: 14%....	147.00	4.00	0
U.S. No. 2 S.R.W.	129.00	3.51	+1.00
U.S. No. 3 H.A.D.....	154.00	4.19	+1.00
Canadian No. 1 A: Durum...	172.00	4.68	+2.00
Feed grains:			
U.S. No. 3 Yellow Corn....	111.00	2.82	-4.00
Soybeans and meal:			
U.S. No. 2 Yellow.....	211.70	5.76	-.80
Brazil 47/48% SoyaPellets	158.00	--	-.50
U.S. 44% Soybean Meal....	151.50	--	-1.50
U.S. FARM PRICES 3/			
Wheat.....	101.40	2.76	-1.10
Barley.....	57.87	1.26	0
Corn.....	89.37	2.27	-.39
Sorghum.....	N.Q.	-- 2/	--
Broilers 7/.....	1074.96	--	+12.12
EC IMPORT LEVIES			
Wheat 5/.....	86.40	2.35	+1.30
Barley.....	84.80	1.85	+4.05
Corn.....	73.70	1.87	+1.40
Sorghum.....	83.20	2.11	-.20
Broilers 4/ 6/ 8/.....	180.00	--	+5.00
EC INTERVENTION PRICES 7/			
Common wheat(feed quality)	144.75	3.94	+2.85
Bread wheat (min. quality)7/	154.75	4.21	+2.90
Barley and all			
other feed grains.....	144.75	--	+2.85
Broilers 4/ 6/.....	1182.00	--	N.Q.
EC EXPORT RESTITUTIONS (subsidies)			
Wheat	28.25	.77	-.60
Barley.....	40.80	.89	-.85
Broilers 4/ 6/ 8/.....	103.00	--	0

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Twelve-city average, wholesale weighted average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/Reflects change in level set by EC. N.A.=None authorized. N.Q.=Not quoted. Note: Basis September delivery.

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